

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 REYKJAVIK 1791

E.O. 11652: GDS
TAGS: MARR, PINT, IC
SUBJECT: NATO BASE COMPENSATION: ANALYSIS OF THE DEBATE

REF: A) REYKJAVIK 1288 (NOTAL); B) REYKJAVIK 1640;
C) REYKJAVIK 1694; D) REYKJAVIK 1744; E) REYKJAVIK 1748

SUMMARY: RECENTLY INTENSIFIED DEBATE OVER COMPENSATION FOR
NATO BASE CONTINUES TO DRAW INTEREST FROM ALL QUARTERS OF
ICELANDIC POLITICS THOUGH PROBLEM REMAINS LARGELY INTERNAL
ONE FOR INDEPENDENCE PARTY. SUPPORTERS OF PRIME MINISTER AND
PARTY CHAIRMAN GEIR HALLGRIMSSON, WHO HAS COME OUT STRONGLY
AGAINST ANY FORM OF COMPENSATION, ARE GATHERING AMMUNITION TO
CONVINCE UNDECIDED THAT PRESENT NATO BASE ARRANGEMENTS BEST
SERVE ICELAND. EMBASSY BELIEVES THAT WHILE ECONOMIC DIFFI-
CULTIES MAY HAVE INCREASED SUPPORT FOR SOME KIND OF COMPENSATION
MAJORITY OF ICELANDERS STILL WOULD NOT WANT TO BECOME
DEPENDENT UPON BASE AS SOURCE OF INCOME. DEBATE IS OF
CONCERN, HOWEVER, SINCE IT SPLITS NATION'S LARGEST, CON-
SISTENTLY PRO-BASE PARTY AND EMBARRASSES PRIME MINISTER
WHO IS VIGOROUS SUPPORTER OF NATO AND IDF PRESENCE. INABILITY OF
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HALLGRIMSSON SUPPORTERS TO DEFUSE ISSUE BEFORE PREPARATIONS FOR
SPRING ALTHING ELECTIONS GET INTO FULL GEAR COULD THEREFORE
IMPACT ADVERSELY ON US INTERESTS. END SUMMARY.

1. ICELANDERS OF ALL PARTIES HAVE BEEN WATCHING AND
COMMENTING ON CURRENT DEBATE OVER NATO BASE COMPENSA-
TION (PROPOSAL KNOWN AS "ARONISM" - REF A) ALTHOUGH IT

REMAINS FOR THE MOMENT A BASICALLY INDEPENDENCE PARTY (IP) FACTIONAL BATTLE BEING REFOUGHT IN PUBLIC. TWO WINGS OF PARTY HAVE CLASHED PERIODICALLY OVER VARIOUS ISSUES - IN 1961, 1968, AND 1973 - AND AS A RESULT, LINEUP ON BOTH SIDES OF THIS ISSUE IS PREDICTABLE. PRIME MINISTER AND PARTY CHAIRMAN GEIR HALLGRIMSSON AND HIS SUPPORTERS HOLD CONTROL OF IP AGAINST SNIPING OF VICE CHAIRMAN GUNNAR THORODDSEN AND HIS BACKERS. HOWEVER, THORODDSEN WING BELIEVES IT HAS FOUND ISSUE TO RALLY PARTY TO ITS SIDE.

2. IT IS UNLIKELY THAT THIS IS PREMEDITATED CAMPAIGN BY THORODDSEN AGAINST PM. WHAT IS MORE PROBABLE IS THAT THORODDSEN'S SUPPORTERS, OVER WHOM HE HAS NEVER HAD GREAT CONTROL, MANEUVERED HIM INTO POSITION WHERE HE EITHER HAD TO TRY TO EMBARRASS PM BY OPPOSING HIM OR EMBARRASS HIMSELF BY GOING AGAINST HIS TRADITIONAL ALLIES.

3. AFTERNOON DAILY DAGBLADID, WHICH WITH THORODDSEN'S ENCOURAGEMENT BROKE AWAY FROM IP-AFFILIATED VISIR TWO YEARS AGO, HAS BEEN HOME FOR ANTI-HALLGRIMSSON PARTY MEMBERS SINCE ITS FOUNDING. PAPER HAS ALWAYS GIVEN PLAY TO INCIDENTS WHICH REFLECT UNFAVORABLY ON ICELANDIC DEFENSE FORCE (IDF) THOUGH IT HAS NEVER CALLED FOR REMOVAL OF US FORCES. IN RECENT MONTHS IT HAS GIVEN INCREASED AMOUNT OF COVERAGE TO ARONISM AND HAS TAKEN OTHER ACTION AS WELL: DAGBLADID-AFFILIATED MEMBERS OF

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YOUNG IP RAISED ARONISM ISSUE AT YOUNG IP CONVENTION IN SEPTEMBER; EDITOR ARRANGED OPEN FORUM IN OCTOBER WITH ARONISM'S FOUNDER, ARON GUDBRANDSSON, LEADING SPEAKER; DAGBLADID-WING AGITATORS WITHIN IP ELECTION COMMITTEE BROUGHT UP QUESTION ON COMPENSATION WHICH WAS PLACED ON PARTY PRIMARY BALLOT IN NOVEMBER (REF B).

4. ALTHOUGH QUESTION WAS WORDED IN SIMPLISTIC, SOMEWHAT MISLEADING TERMS, HALLGRIMSSON WING FOR REASONS WHICH REMAIN OBSCURE DID NOT ATTEMPT TO BLOCK ITS INCLUSION ON BALLOT. RESULTS OF PRIMARY WERE DOUBLY ENCOURAGING TO ANTI-HALLGRIMSSON FACTION: PM FINISHED SECOND TO THORODDSEN ALLY ALBERT GUDMUNDSSON AND PRO-ARONISM QUESTION RECEIVED LARGE MAJORITY. THOUGH ISSUES OF COMPENSATION AND SUPPORT FOR CHAIRMAN WERE UNRELATED, HALLGRIMSSON LINKED THE TWO WITH HIS FORTHRIGHT PUBLIC STANCE A WEEK LATER (REF C). THUS LINES WERE DRAWN WITH ARONISM ON ONE SIDE AND WHAT HAS BEEN CALLED (GEIRISM" (I.E., ANTI-COMPENSATION) ON THE OTHER.

5. ARONISM HAS NOT ENJOYED WIDE POPULARITY IN THE PAST, AND IP IS STILL ONLY POLITICAL PARTY THAT HAS ARGUED

ISSUE IN PUBLIC. ARTICLES IN BOTH IP AND NON-IP PRESS ON
SUBJECT HAVE BEEN WRITTEN PRIMARILY BY IP MEMBERS.
MOST COMMENTARIES BY MEMBERS OF OTHER PARTIES HAVE BEEN
ON DIVISION WITHIN IP RATHER THAN COMPENSATION ISSUE
ITSELF. IP DAILY MORGUNBLADID WHICH SURVEYED
LEADERS OF OTHER PARTIES FOUND THEM UNANIMOUS IN THEIR
OPPOSITION TO COMPENSATION, THOUGH FOR DIFFERENT REASONS.

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6. DESPITE FACT THAT DEBATE IS CURRENTLY CENTERED
WITHIN IP, THERE IS CERTAINLY A SEGMENT OF ICELANDIC
POPULATION CUTTING ACROSS PARTY
LINES THAT HAS COME TO VIEW IDF AS UNTAPPED SOURCE OF
POTENTIAL REVENUE. WHEN CALLS FOR TAPPING THAT WEALTH
WERE RAISED IN PAST, THEY WERE USUALLY BEATEN BACK BY
ARGUMENTS IN FAVOR OF CONTINUED CONTRIBUTION TO NATO
DEFENSE AND AGAINST ICELANDIC RELIANCE ON FOREIGN IN-
COME, A THREAT TO NATIONAL INDEPENDENCE. IN FACT,
OLD IDF PROPOSAL TO ASSIST IN A ROAD-BUILDING PROJECT
WAS REFUSED FOR THOSE REASONS. HOWEVER, DISENCHANTMENT
WITH NATO DURING THE COD WAR HAS RESULTED IN SOME
EROSION IN OVERALL SUPPORT FOR PRESENCE OF IDF. MORE-
OVER, PRESENT STATE OF ICELANDIC ECONOMY IS SUCH THAT
MANY "INDEPENDENT" ICELANDERS NOW FEEL THAT PRIDE AND
SELF-RELIANCE WON'T PUT BREAD ON THE TABLE, PARTICULARLY
AS THEY STARE AT HUGE BUDGET GAP WHICH PORTENDS SIGNI-
FICANT TAX MEASURES AND CUTS IN SOCIAL SERVICES. WHEN
REMINDING THAT JOSEPH LUNS PUT MULTI-BILLION DOLLAR

PRICE TAG ON ICELAND'S WORTH TO NATO AND THAT COUNTRY
MUST CURB ITS FISHING, ITS PRIME SOURCE OF FOREIGN
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EXCHANGE, MANY ARE TEMPTED TO REGARD IDF AS POTEN-
Tially HANDY SOURCE OF INCOME, AT LEAST UNTIL PRESENT
ECONOMIC PROBLEMS ARE OVERCOME.

7. ALTHING REMARKS BY THORODDSEN (REF D), IN ADDITION
TO PUTTING HIMSELF ON OPPOSING SIDE FROM HALLGRIMSSON,
WERE MEANT TO WIN OVER FENCE-SITTERS ON ARONISM QUES-
TION. THORODDSEN HAS ATTEMPTED TO MAKE DISTINCTION
IN MEANS OF COLLECTING REVENUE (TAXES RATHER THAN RENT),
WHICH IN REALITY SIGNIFIES NO DIFFERENCE: ALL ALONG
ARONISM WAS MEANT TO RAISE FUNDS FOR THE SAME PUBLIC
WORKS PROJECTS (E.G. ROADS, BRIDGES, HARBORS) THAT
THORODDSEN CALLS "CIVIL DEFENSE". DAGBLADID'S NEWSPEAK
CALLED THORODDSEN'S PRESENTATION "COMPROMISE" WHEN
IN FACT IT WAS THORODDSEN'S CHALLENGE TO HALLGRIMSSON,
THINLY DISGUISED AS CONCILIATORY GESTURE.

8. THOUGH DEBATE STILL LARGELY WITHIN IP, IT IS IM-
PORTANT TO USG INTERESTS IN ICELAND. IP, CONSISTENT
SUPPORTER OF IDF PRESENCE IN ICELAND, IS NATION'S
LARGEST PARTY AND HAS FORMED LARGEST SINGLE PARLIAMENT-
ARY BLOC EVER SINCE FOUNDATION OF REPUBLIC. WE NOTE
THAT DEBATE, THOUGH LIVELY, IS STILL CONFINED TO THOSE
FAVORING IDF PRESENCE. NO ONE HAS YET MADE VERBAL LEAP
BETWEEN PRESSING FOR COMPENSATION AND ARGUING THAT NATO
BASE SHOULD GO IF COMPENSATION NOT FORTHCOMING. NEVER-
THELESS, SO LONG AS ISSUE IS ALIVE AND THREATENS SOLI-
DARITY OF IP, OPPOSITION PARTIES AND OTHERS WHO FUNDA-
MENTALLY OBJECT TO NATO PRESENCE ARE GIVEN ENCOURAGE-
MENT, PARTICULARLY AS ANTICIPATED SPRING ELECTION DRAWS
NEARER.

9. MINDFUL THAT PRE-ELECTORAL PERIOD IS NOT THE TIME
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FOR INTRAPARTY SQUABBLES, PM AND HIS ALLIES ARE
ATTEMPTING TO CONVINCE CRITICS. ANTI-COMPENSATION
FORCES HAVE BEEN POINTING OUT NECESSITY OF IDF FOR ICE-
LANDIC DEFENSE AND TRYING TO CLEAR UP MISCONCEPTION
THAT IDF ENJOYS BENEFITS IN ICELAND BEYOND THOSE AFFORD-
ED OTHER NATO FORCES. OPPONENTS OF ARONISM HAVE ASKED
FOR BACKGROUND INFORMATION (REF E) TO BOLSTER THEIR

ARGUMENTS. (IN ADDITION EMBASSY HAS BEEN REMINDED THAT SATISFACTORY RESOLUTION OF OUTSTANDING ISSUE OF US ASSISTANCE FOR DUAL PURPOSE TERMINAL WOULD BE EFFECTIVE WEAPON FOR PRIME MINISTER TO USE AGAINST ARONISTS.) PM AND HIS SUPPORTERS BELIEVE THAT THEY WOULD HAVE BULK OF PARTY ON THEIR SIDE ONCE ALL FACTS ARE KNOWN. THEY FEEL THAT IF PROBLEM CAN BE EFFECTIVELY DEALT WITH WITHIN THE PARTY, IP COULD DEBATE SECURITY QUESTION WITH OTHER PARTIES NEXT SPRING FROM POSITION OF STRENGTH.
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